



Form M-706 Massachusetts Resident Estate Tax Return

Rev. 12/02

**Massachusetts
Department of
Revenue****For every estate with date of death on or after January 1, 1997 and prior to January 1, 2003.**☐ **Check if an amended return**

| | | | |
|--|--------------------|--|-----------------------------|
| Decedent's first name and middle initial ▶ | Last name ▶ | Date of death ▶ | Social Security number ▶ |
| Street address of residence or domicile at time of death | | City/Town | State Zip |
| Probate court ▶ | Docket number ▶ | Check if previously filed: <input type="checkbox"/> Form M-4422 <input type="checkbox"/> Form M-4768 <input type="checkbox"/> Form M-4768A | |
| Name of executor(s) (see instructions) | | | Designation |
| Street address | | City/Town | State Zip |
| Name of attorney(s) representing the estate (if any) | | | Telephone |
| Street address | | City/Town | State Zip |

Computation of Tax for Estate of Massachusetts Resident Decedent**Attach a copy of the federal estate tax return, U.S. Form 706, including all schedules and exhibits.**

| | | |
|---|-------------|---|
| 1 Total gross estate, wherever situated, from U.S. Form 706 | ▶ 1 | |
| 2 Credit for state death taxes. Enter maximum allowable amount from U.S. Form 706 | ▶ 2 | |
| If all of decedent's property is located in Massachusetts, omit lines 3-6, and enter "0" on line 7 | | |
| 3 Estate or inheritance taxes actually paid to other states | ▶ 3 | |
| 4 Gross value of real estate and tangible personal property in other states | ▶ 4 | |
| 5 Percentage of estate in other states. <i>Divide line 4 by line 1.</i> | 5 | % |
| 6 Prorated credit. <i>Multiply line 2 by line 5</i> | 6 | |
| 7 Deduction allowable for taxes paid to other states. Enter the smaller of line 3 or line 6 | 7 | |
| 8 Massachusetts estate tax. <i>Subtract line 7 from line 2</i> | ▶ 8 | |
| 9 Amount previously paid (attach any prior filings with payment dates and amounts) | ▶ 9 | |
| 10 Payments made with extension (attach a copy of Form M-4768 and/or Form M-4768A) | ▶ 10 | |
| 11 Refund. <i>Subtract line 8 from the total of line 9 and line 10.</i> | ▶ 11 | |
| 12 Balance due. <i>Subtract the total of line 9 and line 10 from line 8.</i> | | |
| Make check payable to the Commonwealth of Massachusetts | ▶ 12 | |
| Add to total in line 12, if applicable: Interest \$ ▶ _____, Penalty \$ ▶ _____ | | |

Power of Attorney. Authorization to receive confidential information under MGL, Ch. 62C, s.21 and Power of Attorney.

I (We) hereby appoint the undersigned nominee, subject to written revocation, as attorney(s)-in-fact to represent the taxpayer before any office of the Massachusetts Department of Revenue (DOR), to receive confidential information and to perform on my (our) behalf the following acts for this estate: **(Strike any of the following that are not granted.)**

To receive, but not to endorse and collect, checks in payment of any refund of Massachusetts taxes, penalties or interest.

To execute waivers, closing agreements and consents extending the statutory period for assessment or collection of taxes.

To delegate authority or to substitute another representative.

Other acts (specify): _____

Send copies of notices and other written communications addressed to the taxpayer(s) in proceedings involving the above estate to:

| | |
|--|-------------------------------|
| Name | Telephone |
| Street address | City/Town State Zip |
| Signature of nominee | Date |
| Signature of executor, administrator, etc. | Date |

Declaration. The personal representative of the estate is personally liable for transfers of estate assets before all taxes are paid.**Under penalties of perjury, I declare that to the best of my knowledge and belief this return and enclosures are true, correct and complete.**

| | |
|--|-----------------------|
| Signature(s) of executor(s), administrator(s), etc. | Date |
| Signature and address of preparer other than the executor(s), etc. | PTIN or SSN Date |

Mail to: **Massachusetts Department of Revenue, Bureau of Desk Audit, Estate Tax Unit, PO Box 7023, Boston, MA 02204.**

General Information

Major Estate Tax Law Change

Effective for dates of death on or after January 1, 1997 and prior to January 1, 2003, the Massachusetts estate tax is imposed only on those estates that are subject to federal estate tax filing requirements. M.G.L. c. 65C, s. 2A. Since the tax is based on the credit for state death taxes allowable on the federal estate tax return, taxes that would otherwise be paid to the federal government will be paid to Massachusetts.

Massachusetts Filing Requirements

The executor of a decedent domiciled in Massachusetts on the date of his or her death must file a Massachusetts Resident Estate Tax Return (Form M-706) if a federal estate tax return (U.S. Form 706) is required to be filed.

For purposes of the Massachusetts estate tax, an executor is defined as the executor or administrator of the decedent's estate, or, if there is no executor or administrator appointed, qualified and acting within the Commonwealth, then any person in actual or constructive possession of any property of the decedent. M.G.L. c. 65C, s. 6(a).

The executor of a **nonresident** decedent who owned or transferred real estate or tangible personal property located in Massachusetts must file a Massachusetts Nonresident Estate Tax Return and Domicile Affidavit (Form M-706NR). Special rules apply for citizens and noncitizens who are nonresidents of the United States and have property taxable in Massachusetts: contact the Estate Tax Unit for instructions as Form M-706NR is not applicable to these estates.

Due Dates and Extensions

The Massachusetts estate tax return and payment must be filed within nine months after the date of the decedent's death. **An executed copy of the federal estate tax return, U.S. Form 706, must be filed with this return.** Extensions of time to pay (Form M-4768A) and file (Form M-4768) must be requested prior to the due date. If extensions have been granted, attach copies of Form M-4768 and/or Form M-4768A to the Form M-706 when filing.

Payment of Tax

The estate's executor signing the return is personally liable for payment of any tax shown on the return if it is not otherwise paid. The return and the tax payment should be sent to the Massachusetts Estate Tax Unit, PO Box 7023, Boston, MA 02204.

Penalties and Interest

Interest on any unpaid tax accrues from the original due date of the return. The penalty for failure to file Form M-706 by the due date, or within an authorized extension of time, is 1% per month (or fraction thereof) to a maximum of 25% of the tax as finally determined to be due. The penalty for failure to pay the tax reported as due on Form M-706, by the due date, or within an authorized extension of time, is ½% per month (or fraction thereof) to a maximum of 25%.

Report of Federal Estate Tax Changes

An amended M-706 must be filed within 2 months of receipt of a final determination (for example, the federal closing letter, agreed upon federal audit charges, agreed upon IRS Appeals Office changes, Tax Court decision, etc.) of federal estate tax change. Attach a copy of the final federal determination and pay any additional Massachusetts estate tax due as a result of the change. If a refund is indicated as a result of the federal estate tax change and a Massachusetts Estate Tax Closing Letter has previously been issued, in addition to this form, an Application for

Abatement (Form CA-6) must be filed within one year of receipt of the final federal determination.

Massachusetts Estate Tax Lien on Real Estate

The Commonwealth automatically acquires a lien against all Massachusetts real estate includible in a decedent's gross estate. Unless the tax is paid in full, the lien is valid for 10 years from the decedent's date of death. M.G.L. c.65C, s. 14.

Release of Lien — Massachusetts Filing Requirement

When a Massachusetts Resident Estate Tax Return is required to be filed to obtain a release of this lien, an executor must file Form M-706. The filing must be accompanied by Form M-792, Certificate Releasing Massachusetts Estate Tax Lien, completed in triplicate, a copy of the recorded deed or certificate of title that created the decedent's interest and an executed copy of the federal estate tax return, U.S. Form 706.

When a sale of real estate or a mortgage commitment is pending, the Estate Tax Unit will expedite the release of estate tax lien. The estate may request the release of lien on Form M-4422, Application for Release of Estate Tax Lien, if (1) the date for filing the estate tax return has not yet passed, and (2) Form M-706 cannot be completed prior to the date of the sale, and (3) a Massachusetts estate tax will be due.

Release of Lien — No Massachusetts Filing Requirement

If a Massachusetts Estate Tax Return is not required to be filed because the size of the estate does not equal or exceed the federal filing threshold, an affidavit of the executor, subscribed to under the pains and penalties of perjury, recorded in the registry of deeds, and stating that the gross estate of the decedent does not necessitate the filing of a federal estate tax return will release the lien.

For further information, see Technical Information Release 98-14, *Release of Estate Tax Lien on Real Estate for Dates of Death on or after January 1, 1997*.

Line-by-Line Instructions

Line 1. Enter the total value of the decedent's gross estate for federal estate tax purposes from U.S. Form 706, page 1, line 1. Do **not** reduce the gross value by the amount of any property subject to a power of appointment upon which an inheritance tax on future interests has been settled and paid pursuant to M.G.L. c. 65, s. 14.

Line 2. Enter the maximum state death tax credit allowable for federal estate tax purposes from U.S. Form 706, page 1, line 15.

Line 3. Enter the amount of taxes paid to other states qualifying for the federal estate tax state death tax credit. Attach documentation of the amount paid.

Line 4. Enter the gross value of real estate and tangible personal property situated in other states. Do **not** reduce the gross value by the amount of any mortgages, liens or debts. Attach a schedule of non-Massachusetts property or identify on the attached U.S. Form 706.

Estate Tax Information

For further estate tax information, please call (617) 887-MDOR or (800) 392-6089.